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Japan

Solid Wood Products

Japanese Housing Starts Up – Wood Housing Growth Particularly Strong

2004

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Report Highlights:

For the first time in 3 years, Japanese housing starts in 2003 posted a year-on-year increase, with the 1,160,083 starts, up 0.8% from the previous year. Wood-framed housing starts jumped 4%. Construction of multi-family condominium buildings and prefabricated housing declined.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Tokyo [JA1]
[JA]

For the first time in 3 long years, Japanese housing starts in 2003 posted a year-on-year increase, with total housing starts reaching 1,160 million units, up 0.8% from the previous year. Wood-framed housing's share of total starts was up 4% from 2002, to 523,732 units, representing 45.1% of the total housing starts.

After over 10 years of a stagnating economy, some analysts are reading the increase in housing starts to mean that Japan can look forward to sustained economic growth in not only the housing sector, but also the wider economy. The following are the principal reasons reported as the basis of the recent turnaround in housing starts.

- 1) Tax incentive program - Home buyers purchase homes in 2003 to take advantage of a 6-year tax incentive program set to expire at the end of December, 2003 that allowed new home buyers to take a tax credit on mortgage interest.
- 2) Interest Rates Bottomed Out – There is a growing perception among prospective home buyers that commercial interest rates for home loans were bottoming out.
- 3) Housing Prices Bottomed Out – Widespread deflationary pressures in the real estate market have pushed down the value of residential lots and buildings to within reach of a larger number of potential home buyers.

Traditionally, 80-85% of all the solid wood products in Japan are used as building materials in new residential and commercial construction, and civil works projects. Strong housing starts continue to be critical to the wood and building material industries.

Japanese Housing Starts in 2003 (Units)				
Sector	December, 2003	% Change (03/02)	Jan.- Dec. 2003	% Change (03/02)
Total Starts	100,826	+ 9.4 %	1,160,083	+ 0.8 %
-Custom housing	27,507	- 1.5 %	372,652	+ 1.3 %
-Rental housing	41,168	+ 10.5 %	451,629	+ 0.3 %
-Corporate housing	622	- 21.3 %	9,163	+ 1.7 %
-Built-for-sale	31,529	+ 20.2 %	326,639	+ 0.8 %
Wood-Framed	43,586	+ 3.4 %	523,732	+ 4.0 %
Wood Share (%)	43.2 %	- 2.5 points	45.1 %	+ 1.3 points
By Framing Method				
-Condominiums	20,455	+ 30.9 %	200,221	- 3.8 %
-Prefab. Housing (Wood-framed)	13,985 (2,019)	- 6.2 % (- 6.5 %)	159,224 (23,204)	- 1.0 % (- 2.0 %)
2x4 Wood-framed	6,990	- 2.0 %	81,502	+ 3.2 %
By Floor Space (1,000 square meters)				
All Housing Starts	8,721	+ 7.7 %	104,038	- 0.7 %
Wood-Framed	4,398	+ 1.8 %	56,348	+ 2.6 %
Wood Share (%)	49.3 %	- 4.1 points	54.2 %	+ 1.8 points

(Source: Ministry of Land, Infrastructure and Transport)

End of Report.